

STATE OF SOUTH CAROLINA)
) IN THE COURT OF COMMON PLEAS
 COUNTY OF CHEROKEE)

The Palmetto Bank,

Plaintiff,

vs.

SBI Properties II, Inc.; Sanders Brothers
 Inc.; Sanders Brothers Holdings, Inc.;
 ProServ Sanders, Inc.; EP Sanders, Inc.;
 Alabama Southeast Mechanical d/b/a ASM
 Sanders, Inc.; Samuel F. Eakin; Total
 Mechanical Services, Inc., Sanders
 Brothers Maintenance Services, Inc.,
 Sanders Brothers Fabrication, Inc., Sanders
 Brothers Sumter, Inc., Sanders Brothers
 Construction, Inc., and AeroFund
 Financial, Inc.,

Defendants.

Civil Action No. 2010-CP-11- 0457

RECEIVER'S
FIFTH REPORT
FOR THE PERIOD
OCTOBER 2 THROUGH
OCTOBER 29, 2010

Lawrence T. Englert of Cardinal Point Partners, Inc. court appointed Receiver for the above named defendants, ("Receiver") submits this Fifth Report pursuant to the terms of the Order Appointing A Receiver entered by this Court on June 21, 2010 ("Receivership Order"). This Fifth Report provides the Court and interested parties with a summary of the Receiver's principal activities from October 2, 2010 through October 29, 2010.

FACTUAL BACKGROUND AND DESCRIPTION OF THE BUSINESSES

1. The defendants, excluding AeroFund Financial, Inc., were privately-owned corporations engaged in metal fabrication, contract maintenance and industrial construction. AeroFund is an accounts receivable factoring company with whom

the defendants factored accounts receivable. Samuel F. Eakin was a principal and or officer of some or all defendants.

2. On or about June 15, 2010 the defendants discontinued operations and terminated remaining employees with the following exceptions:
 - a. AeroFund remains an active independent company,
 - b. ProServ Sanders, Inc. remains in operation,
 - c. Alabama Southeast Mechanical d/b/a ASM Sanders, Inc. discontinued operations in the fourth quarter of 2009,
 - d. Total Mechanical Services, Inc. discontinued operations in the fourth quarter of 2009.
3. A consensual Order Appointing A Receiver was approved by this Court on June 21, 2010.
4. The Plaintiff is the secured lender to the above named defendants with in excess of \$10,000,000 in loans outstanding at June 21, 2010 and in default.
5. The Plaintiff holds a first position lien in all the assets named in the Receivership Order.

PRINCIPAL ACTIVITIES OF THE RECEIVERSHIP

1. The Receiver closed the transaction to sell the assets of ProServ Sanders, Inc. in a management buy-out. The total selling price of \$899,525 was paid in full during the period covered by this report.
2. The Receiver monitored the removal of equipment sold during the September 2010 auction of personal property. All equipment was removed by October 29, 2010.

3. The Receiver began the process of closing down the Receivership owned real estate in Gaffney, SC. This entailed the review of perimeter and building security and the minimization of utilities.
4. The Receiver surrendered the keys to the Cowpens leased facility to the facility owner.
5. The Receiver reviewed the tenant and auction damage at the Sumter, SC site and negotiated a settlement for damage done by the Sanders tenancy. The Sumter, SC site was surrendered to the landlord.
6. The Receiver began to terminate insurance for sold assets, i.e., Sanders personal property sold at auction, ProServ personal property sold in a management buy-out and real property coverage on vacated leased property.
7. The principal contract labor utilized by the Receiver was terminated during the period covered by this report. Additional labor required by the Receivership will be engaged on an as needed basis.
8. The Receiver selected an environmental firm to remove the underground storage tank on the Gaffney, SC real property. The tank was removed with no environmental impact on the real estate. No discharge or contaminated soil was noted and application was made to SC DHEC to "close out" the site.
9. The Receiver collected the refund for the overpayment of 2009 Sanders Brothers, Inc. Worker's Compensation in the amount of \$173,681.
10. The Receiver continued to pursue the collection of the SBI Properties II cash balance.

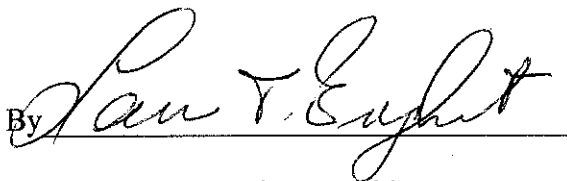
11. The Receiver continued to obtain lien releases from vendors filing mechanics liens in an effort to reach final settlement with the remaining Sanders customers. Accumulation of executed lien releases would facilitate the collection of remaining accounts receivables from Sanders customers.
12. The Receiver explored opportunities to rent the Gaffney, SC site to several interested parties.
13. Efforts were expended to monetize accounts receivable.
14. The Receiver has attached, as Exhibit A, a financial report summarizing the available cash, cash receipts and cash disbursements for the period October 2, 2010 through October 29, 2010.

REPORTING

15. The Receiver proposes to file a Sixth Interim Report within 30 days. The Receiver will continue to file monthly reports which will include a monthly summary of all receipts and disbursements.

Respectfully Submitted,

Cardinal Point Partners, Inc., Receiver

By 

Lawrence T. Englert, President

RECEIVER'S FIFTH REPORT**EXHIBIT A**

SANDERS BROTHERS INC., IN RECEIVERSHIP
SUMMARY OF CASH RECEIPTS AND DISBURSEMENTS
From October 2, 2010 through October 29, 2010

| | | |
|--|--------------------------|--------------------------|
| Beginning Cash 10/2/10 | | \$ 347,873 |
| Cash Receipts: | | |
| Collection of Accounts Receivable | | 150,789 |
| 2009 Worker's Compensation Refund | | 173,681 |
| ProServ Asset Sale - Balance of the Purchase Price | | 649,525 |
| Misc | | 875 |
| | Total Cash Receipts | <u>974,870</u> |
| Cash Disbursements | | |
| Contract Labor | | 22,355 |
| Sumter, SC Lease Damage Settlement | | 16,000 |
| Professional Fees | | 52,573 |
| Misc | | 3,127 |
| | Total Cash Disbursements | <u>94,055</u> |
| Secured Lender Note Payments | | 1,021,304 |
| Ending Cash 10/29/10 | | <u><u>\$ 207,385</u></u> |